

**UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES  
REHABILITATION SERVICES ADMINISTRATION  
WASHINGTON, D.C. 20202**

**POLICY DIRECTIVE**

**RSA-PD-92-04**

**RSM-1050 1/**

**DATE: December 6, 1991**

- ADDRESSEES (GENERAL) :** **STATE VOCATIONAL REHABILITATION AGENCIES**
- STATE VOCATIONAL REHABILITATION AGENCIES (BLIND)  
CLIENT ASSISTANCE PROGRAMS  
RSA DISCRETIONARY GRANTEES  
RSA SENIOR MANAGEMENT TEAM**
- SUBJECT :** **USE OF PROGRAM INCOME: PAYMENTS FROM SOCIAL  
SECURITY ADMINISTRATION, INSURANCE CARRIERS,  
WORKERS COMPENSATION, FEES FOR SERVICES AND  
INCOME FROM STATE OPERATED REHABILITATION  
FACILITIES**
- BACKGROUND :** Department of Education grants regulations for State and local governments in 34 CFR Part 80 define program income in Section 80.25(b) as "...gross income received by the grantee or subgrantee directly generated by a grant supported activity or earned only as a result of the grant agreement during the grant period. 'During the grant period' is the time between the effective date of the award and the ending date of the award reflected in the final financial report." Payments received by Vocational Rehabilitation (VR) State agencies from the five sources identified below to cover the costs, in whole or in part, of providing services to clients meet the definition of program income. These payments are gross income received by a grantee that is directly generated as a result of service expenditures made and charged to the grant. Section 80.25(g) describes the permissible uses of program income. Program income must be used as an offset to total allowable costs charged to the grant unless the granting agency in program regulations or in the grant agreement specifies a different use. Section 80.25(g)(2) permits the granting agency to determine that program income may be used for additional allowable program expenditures. Section 80.25(g)(3) permits the granting agency to determine that program income may be used to meet any cost sharing or matching requirement of the grant agreement.

1/Under development

**POLICY STATEMENT :** Payments received by VR State agencies under the State VR Services Program, the State Supported Employment Services Program, and the State Independent Living Rehabilitation Services Program from the following five sources are considered to be program income. These five sources are: reimbursement payments from the Social Security Administration for rehabilitating Social Security disability beneficiaries; payments received from insurance carriers; payments received from workers compensation funds; fees for services to defray part or all of the costs of services provided to particular clients; and income generated by State operated rehabilitation facilities. These funds must be deducted from allowable costs charged to the grant in accordance with 34 CFR 80.25 (g)(1), unless the Commissioner of the Rehabilitation Services Administration has approved a request that they be used for additional allowable program expenditures. If the Commissioner approves such a request the affected grant agreement will be amended to specifically authorize this use. Program expenditures made from these additional funds are not considered State expenditures for maintenance of effort purposes and will not be used to increase a State's maintenance of effort obligation under the State Vocational Rehabilitation Services Program. The Commissioner will not approve any requests that program income from these five sources be used to meet any matching requirement. This policy supersedes Program Instruction RSA-PI-83-1, Reimbursement to State VR Agencies.

**CITATIONS IN REGULATIONS :** 34 CFR §§80.24-80.25

**EFFECTIVE DATE :** Issue Date

**EXPIRATION DATE :** None

**INQUIRIES :** Regional Commissioners

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Commissioner  
Rehabilitation Services Administration